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S E C R E T SECTION 01 OF 03 TAIPEI 003589

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SUBJECT: LEGISLATIVE YUAN SPEAKER WANG JIN-PYNG ON ARMS
PROCUREMENT AND TAIWAN POLITICS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (S) Summary: LY Speaker Wang Jin-pyng (KMT) told the Director on October 19 that party leaders in the LY have agreed to put the supplementary budget bill on arms procurement on the LY agenda for review next week. The regular defense budget, which also includes arms procurement, has already been sent to committee for review, Wang added. On domestic politics, Wang blamed the Presidential Office for provoking pan-Blue legislators into launching disruptive protests on October 10 by the steps it took to isolate the legislators. Wang argued that plans by KMT Chairman Ma Ying-jeou, a mainland, to campaign intensively in heavily Taiwanese Kaohsiung will be counterproductive and may cost the KMT the mayoral election. In Taipei, Wang expects the pan-Blue voters to line up behind a single candidate, quite possibly PFP Chairman James Soong, on the eve of the election. Wang informed the Director in confidence that President Chen has asked him to become Premier as soon as possible. Wang said he is still considering the offer and observed that Ma Ying-jeou is opposed, fearing that as a result of this maneuver Wang, rather than he, might become President in 2008. End Summary.

Movement Expected on Arms Procurement

¶2. (C) The Director discussed the arms procurement issue and domestic politics with Legislative Yuan (LY) President (Speaker) Wang Jin-pyng on October 19. Wang informed the Director that the Executive Yuan (EY) has agreed to withdraw the special arms procurement budget, that cross-party agreement has been reached to send the supplementary defense budget (from last June) through the Procedure Committee to the Defense Committee for review, and that the regular annual defense budget has already been sent to committee for review. Earlier the same day, Wang said, he had held inter-party consultation at which agreement was reached that the LY Procedure Committee next Tuesday (Oct. 24) will vote to send the supplemental defense budget on arms procurement to committee for review. The People First Committee insisted on adding a condition, that approval of NTD 200 million for a submarine study will not imply approval for the much larger

submarine budget item in the annual defense budget request. The supplementary budget also includes NTD 1.6 billion for P-3C aircraft and NTD 3.6 billion for PAC II upgrades, Wang noted.

13. (C) Noting that the annual defense budget includes funding for PAC-III missiles, Wang stressed that pan-Blue legislators will not approve PAC-III funding prior to March 20, 2007. In their view, the failure of President Chen's 2004 missile referendum precludes the procurement of PAC-III until two years after the referendum. Wang told the Director he would welcome the government submitting a supplementary budget request for PAC-III to the LY after March 20 next year. Asked about Ma Ying-jeou's earlier statement to the Director that Wang would be opposed to considering a PAC-III supplementary budget request (septel), Wang responded that this was simply not true; he would not oppose such a request. Wang added that Ma had not touched on this particular issue with him, only asking that PAC-III not be considered before March 20, 2007. Ma does not have a good enough understanding of the LY, Wang added.

October 10 National Day Disruptions

14. (C) Turning to the disruptions led by pan-Blue legislators at the October 10 national day ceremony, Wang recalled that Presidential Office Secretary General Mark Chen had asked him on October 1 whether this year's ceremony could be called off out of security concerns. Wang then met with the National Security Bureau (NSB), Ministry of Justice Investigation Bureau and others, but while they expressed general concern about the large number of demonstrators

TAIPEI 00003589 002 OF 003

expected outside the ceremony perimeter, they were unable to provide any intelligence on actual security threats. Subsequently, Wang had received calls from Vice President Lu and Mark Chen and a visit from the NSB Director, but no one had specific information about any security threat. It appeared they were simply concerned that protesters would insult President Chen at the ceremony, but Wang decided that was not a justification for canceling the ceremony.

15. (C) Wang noted he had received assurances from the Shih Ming-te camp and KMT legislators but not from the PFP. Subsequently, KMT and PFP legislators met the evening of October 9 after having seen the arrangements for their participation in the ceremony. They were incensed on learning that they were being seated in side areas rather than the central stands, contrary to established practice, and they were further outraged that the Presidential Office had put up a large white cloth on each side of the central stands that entirely blocked their view of President Chen and the actual ceremony. These measures were disrespectful to the LY members, Wang argued, and that provoked their stronger than expected protest. However, Wang noted, the disruptions had not delayed the ceremony, and he had told the Presidential Office that President Chen's participation had given the people an opportunity to release their anger. (Comment: Wang, as Grand Marshal of the Double Ten Ceremony, was clearly defensive on these disruptions, hence arguing that his responsibility stopped at ensuring security for the event, but left him not culpable for the unruly protests that ensued. End Comment.)

Mayoral Elections in Taipei . . .

16. (C) Wang predicted that PFP Chairman James Soong's decision to run for Taipei Mayor will have only a limited effect on pan-Blue unity because voters will line up behind the stronger pan-Blue candidate on the eve of the election. Though far ahead now, KMT candidate Hau Long-bin's poll numbers will go down. Soong's numbers may go up, creating a competitive race between Hau and Soong, and it is not clear

who will win. While Soong has hope, DPP candidate Frank Hsieh has no chance, Wang suggested, owing to Taipei's population structure. The pan-Green base is just 30 percent, compared to 60 percent for the pan-Blue. Because the pan-Blue will not split down the middle, whoever wins the most pan-Blue votes will win the election, Wang predicted. (Comment: Wang was present at Soong's October 17 announcement of his candidacy, and has all but declared his endorsement of the ex-KMT heavy. In some respects, Hau and Soong can now be seen as proxies in the ongoing Ma-Wang rivalry. End Comment.)

. . . and Kaohsiung

17. (C) The Kaohsiung mayoral election will be very close, Wang predicted, and may well be decided by just ten thousand votes. Ma plans to spend much time campaigning in Kaohsiung, which Wang claimed will be counter-productive. DPP candidate Chen Chu will run on a platform of Taiwanese autonomy. Campaign appearances by Ma, a mainlander, will stir up Kaohsiung's DPP supporters, and the DPP will capitalize on the issue of "mainlanders bullying Taiwanese," causing swing voters to shift toward the DPP. KMT candidate Huang Chun-ying does not want Ma to go to Kaohsiung, Wang asserted. Asked about his own plans, Wang responded, Ma is going to Kaohsiung, so why should I go?

The Shih Ming-te Movement

18. (C) Wang suggested it was too early to predict the future of the Shih Ming-te movement, though he acknowledged that it has gradually been losing force. Shih, whom Wang visited in the hospital, told Wang that he would continue his protests. The movement will be reorganizing itself, Wang expected.

TAIPEI 00003589 003 OF 003

Little Support for No Confidence Vote and Timing Not Ripe

19. (C) KMT legislators are overwhelmingly opposed to calling a no confidence vote against Premier Su Tseng-chang, Wang noted, adding that he has said repeatedly that now is not the time for such a move. Only 14 of 90 KMT legislators expressed support for a no confidence vote, and 2 or 3 of the 14 supported the proposal only because they believed it would not pass. Following a successful no confidence vote, Wang explained, President Chen might dissolve the LY. This could lead to a constitutional crisis because the legislation is not yet in place to hold an election for the restructured LY. This could result in a disaster for Taiwan: an extended period with no LY and President Chen ruling as he pleased.

Wang as Premier?

110. (S) Wang informed the Director in confidence that President Chen has asked him through intermediaries to become Premier as soon as possible, adding that President Chen wants to eliminate Su Tseng-chang, the current Premier. Wang said he has not yet responded to this offer. Ma Ying-jeou is very much against the idea and unwilling to talk about it reasonably because of his concern over the possibility Wang might become President in 2008. At the end of September, Wang continued, KMT Honorary Chairman Lien Chan had asked Hsu Li-teh to urge Ma not to be selfish and to take Wang Jin-pyng to the various political parties to seek their support.

111. (S) Wang said he would have several conditions before accepting appointment as Premier. First, it would have to be clear he was not responsible for Su stepping down. Second, there could not be any impression that he was going to divide the pan-Blue. There would need to be wide agreement and also support from society that his appointment was in the interests of political stability. According to Wang, James

Soong, Lee Teng-hui, and the Non-Partisan Solidarity Union all support his becoming Premier. The DPP should support him and he would not need to bring in the KMT. If appointed, Wang said, he would select the best people from all parties for his cabinet. His third condition for accepting the premiership, Wang said, was that President Chen would have to devolve power to him. This was a sticking point, and there were differences on how this would work. Wang said President Chen's people were pressing him to make a quick decision but he would not act carelessly.

Comment

¶12. (S) Wang's news on the defense budget was quite positive, representing the first breakthrough toward LY approval of the arms procurement package initially offered by President Bush in 2001. The well-known friction between Wang and Ma came through clearly in this discussion. Wang, the ultimate insider, has his hand in on all sides of the Taiwan political spectrum, ranging from James Soong to President Chen. Wang's remarks suggest he would like to be premier and is trying to make it happen, in part because he believes he could use the position to further his presidential ambitions against rival Ma Ying-jeou. For now we are going to take the Missouri "Show me" State attitude toward Wang's emerging as a consensus Premier, though it certainly would suit anti-Ma figures James Soong and Lee Teng-hui if he did.

YOUNG